

Automated Commercial Environment—Requirements Recommendation

Date:	August 1, 2001
Number:	ACT-001 Account Definition (Final Version)
Requestor:	Account Management Subcommittee
Customs Co-Chair:	(signature)
Trade Co-Chair:	(signature)

Requirement: Account Establishment and Definition

- a. The Trade must have the capability to establish and define their own accounts and to provide administrative information, such as name, address, point of contact, etc., for themselves. This includes the flexibility to define the scope of the account, such as for a business unit, corporate division, subsidiary, or whatever entity is suitable for their business needs. (Defining an account for the purpose of doing business with Customs is not an indication that Customs will include the account in its formal compliance management program.)
- b. As part of the definition process, the Trade must be able to link multiple (sub)accounts across corporate structure and hierarchically such that multiple accounts' transactions, compliance data, and/or financial obligations can be aggregated, e.g., across business lines. The Trade needs full flexibility in the definition of such links to accommodate mergers, acquisitions, joint ventures, etc. Further, the definition of an account must allow the possibility of performing more than one trade role in its relationship with Customs as well as allowing a separate account for each business/trade role. For example, Company X is both a broker and freight forwarder, Company Y is an importer, and both companies are subsidiaries of Corp. Z, which is responsible for all their Customs duties/fees/taxes. In this example, three accounts would be defined, with X and Y linked to Z for revenue purpose and to show corporate relationship. Alternatively, Company X might instead establish two separate accounts for its brokerage and freight forwarder operations, for a total of four linked accounts.

Attached are a variety of examples of how accounts might be corporately related and the

types of linkages required. These examples are by no means exhaustive, but are intended to illustrate the flexibility that is required.

- c. The Trade must also be able to establish relationships between accounts in different trade roles, whether or not they are corporately linked, e.g., Broker B is an agent for Importer A, or B has power of attorney to represent A. This is an extension of the NCAP Prototype capability to define and enforce such relationships between various account trade roles (between Brokers and Importers and Carriers, etc.).
- d. The Trade must be able to perform the above functions electronically (establish and define account, provide administrative information, establish corporate links across accounts, define trade relationships with other accounts). ACE will generate a unique identifier for each defined account and will ensure that the account being defined does not duplicate another with the same name.

NOTE: It is understood that further details and specificity of this and related requirements must be defined in order to implement a satisfactory solution. The Account Management Subcommittee needs to remain involved during this requirement specification process and expects to provide feedback as refinements emerge. That is, requirements engineering necessarily involves Subject Matter Experts (SMEs), and this Subcommittee is the most relevant and available source of SMEs for account-related matters.

Business Need

The Trade needs accounts defined at the appropriate level to reflect their organization, to aggregate or segregate activities appropriately for effective management, and to facilitate accounting. At the same time, because of modern business complexity, they need to have the flexibility to aggregate compliance and other data across multiple business activities so they can better monitor and improve compliance throughout and across their corporate structure. Moreover, Customs accounts need to adapt to corporate changes such as mergers, acquisitions, and development of new business units.

Separating different business activities into different accounts allows close monitoring of each one while also seeing the “bigger picture”. However, the Trade also needs control over how those separate accounts are grouped or linked for revenue purposes. For example, there might be three different accounts for menswear, ladies apparel and footwear because of their separate importation activities, but menswear and ladies apparel are part of the same

financial business operation and need single (common) Customs billing/payment.

Technical Need

ACE implementation must prevent duplicate entries while disambiguating duplicate names, and must notify the user of potentially duplicate accounts during the account definition process (paragraph a. above) and during the process of identifying other accounts for establishing trade relationships (requirement c. above).

Benefits

- a. Self-establishing their own account and electronically defining account information reduces data entry burden on Customs.
- b. The Trade can better ensure accuracy and integrity of account information. This allows the Trade to fulfill the requirements of the Modernization Act, assuming the cost and taking full responsibility for the accuracy of the information.
- c. The Trade can better monitor and improve compliance of its individual business units across the corporate structure.
- d. Alignment of account structure with corporate financial operations will facilitate correct and timely payment of Customs duties, fees and taxes.
- e. Customs can formulate effective compliance strategy based on realistic view of the account's business and financial operations.

Risks

The same business entity might inadvertently be defined as multiple accounts, with multiple ACE id's.

Related Subcommittees

All other subcommittees are interested in how accounts are defined.

Priority: **Critical** ☒ **High** ☐ **Medium** ☐ **Low** ☐

Customs Use Only

Approved ☐ Not Approved ☐ Further Evaluation Required ☐

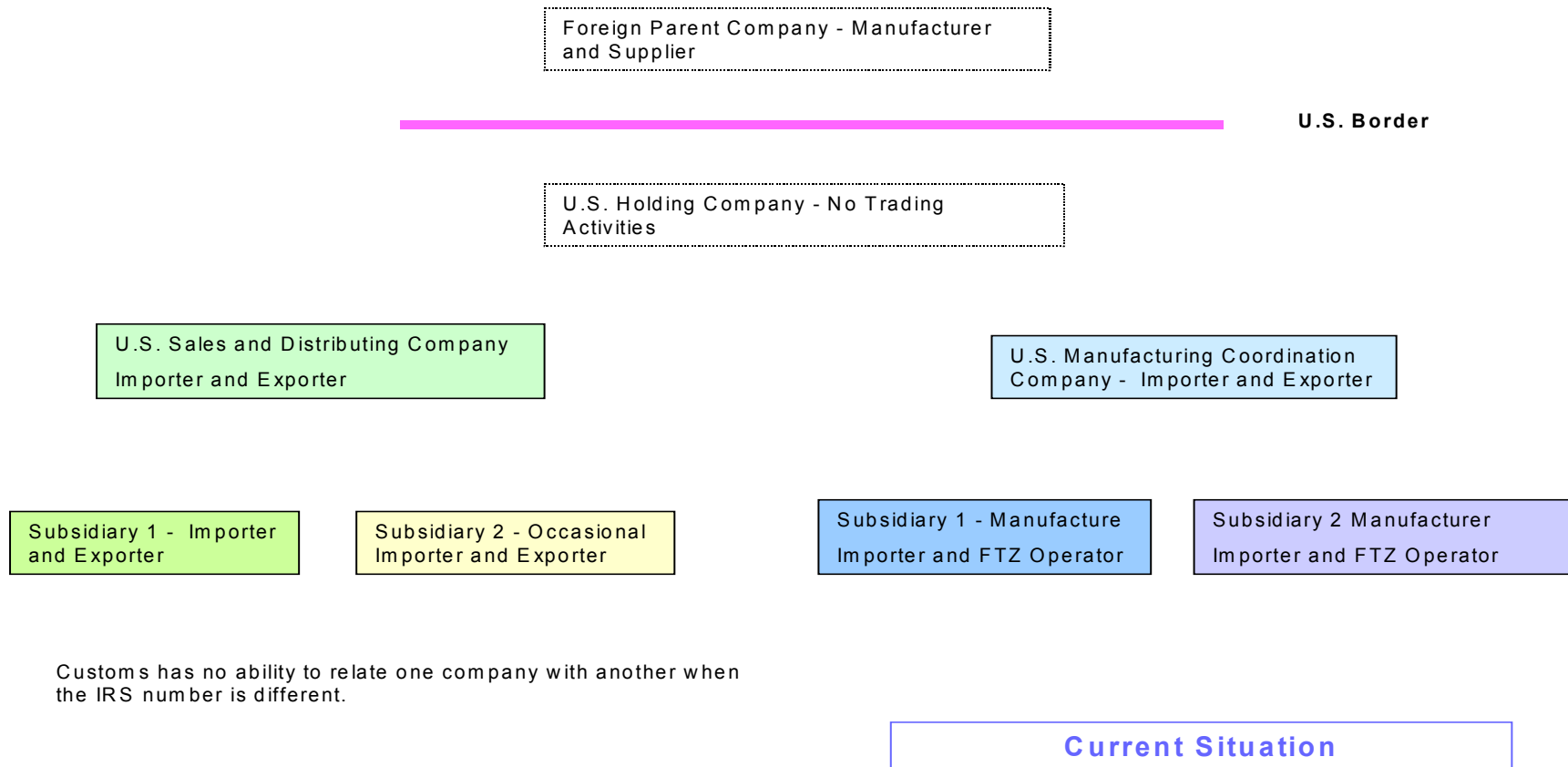
**Automated Commercial Environment
Requirements Recommendation
Attachment to ACT-001 Account Definition**

Date:	July 20, 2001
Number:	ACT-001 Account Definition: Attachment A
Requestor:	Account Management Subcommittee
Customs Co-Chair:	(signature)
Trade Co-Chair:	(signature)

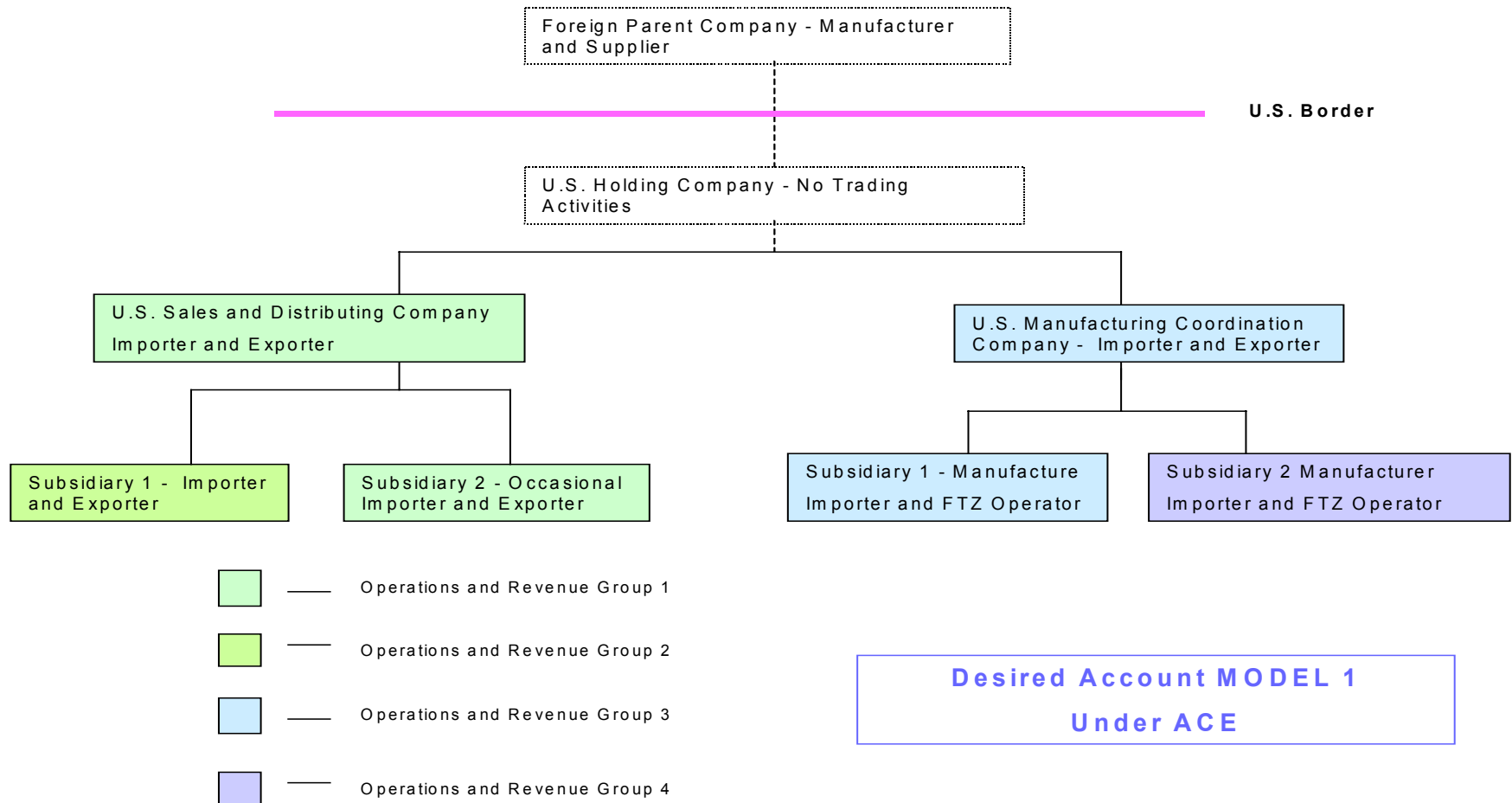
As set out in Account Management Subcommittee ACT-001, the key to successful Account Definition in ACE will be **flexibility** to accommodate any number of complex, non-static business structures (for account creation & maintenance) and relationships (for linking). This flexibility is necessary to accurately reflect the business practices of modern industry today and to permit the changes that will come tomorrow. Account flexibility will allow Trade to manage import activity more effectively and Customs to better monitor and assess this activity for compliance.

Following are examples (supplied by TSN Subcommittee members) demonstrating the complexities of their current business models and the corresponding need for Account flexibility.

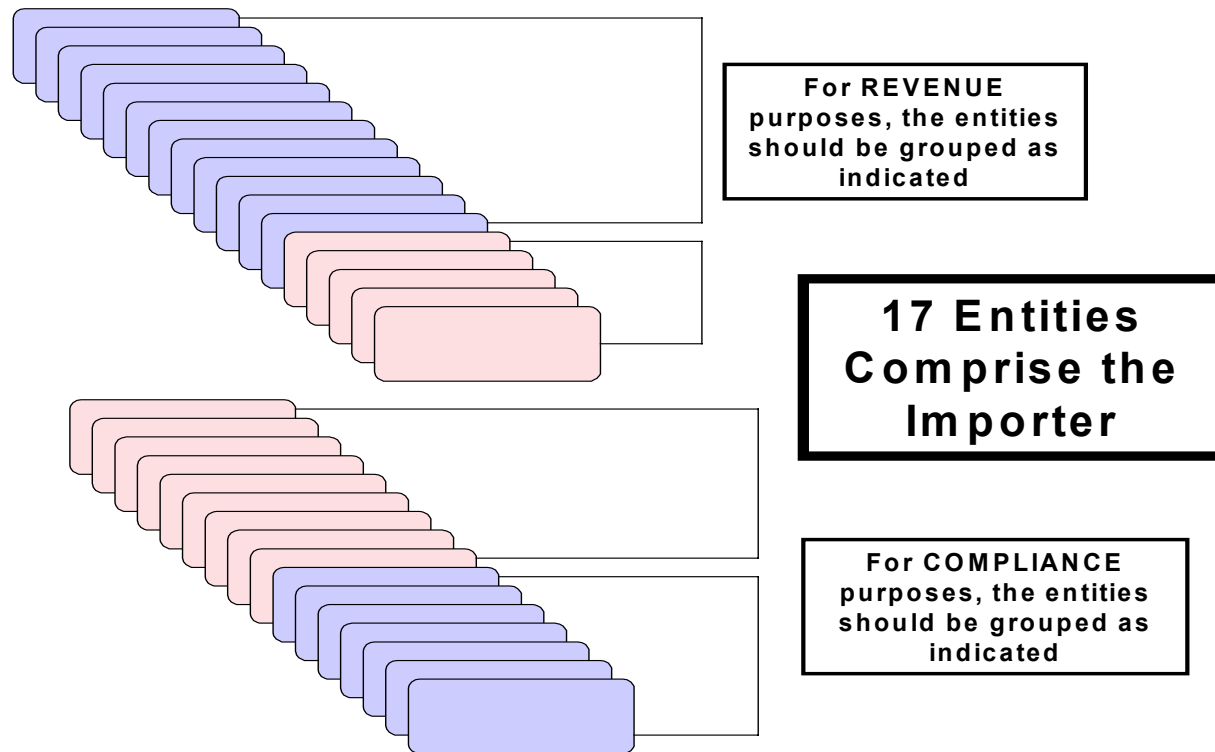
Example 1



Example 1 (cont.)



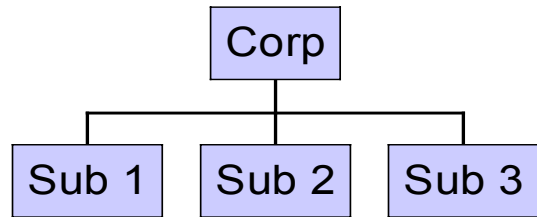
Example 2



Example 3

MODEL 1

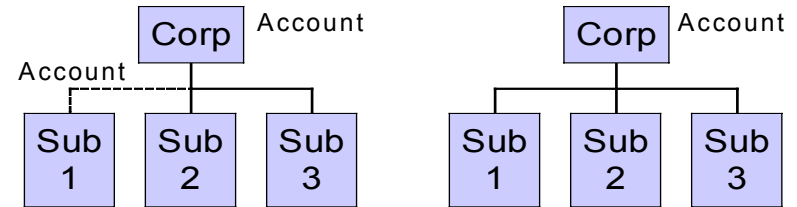
OPERATIONS & REVENUE



MODEL 2

OPERATIONS

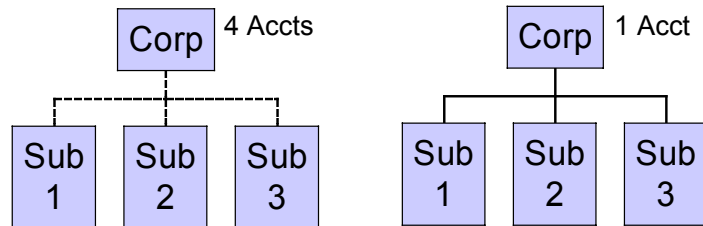
REVENUE



MODEL 3

OPERATIONS

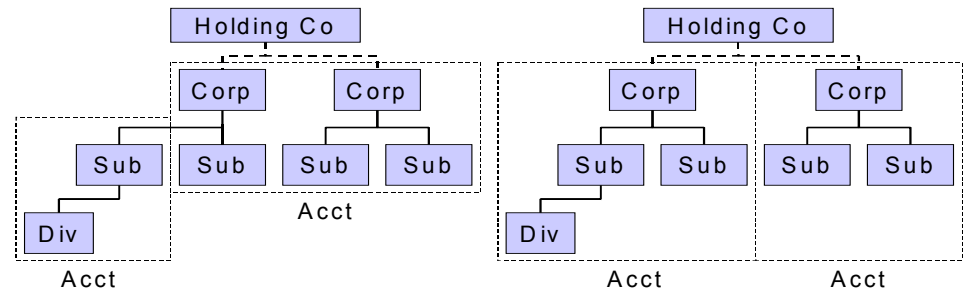
REVENUE



MODEL 4

OPERATIONS

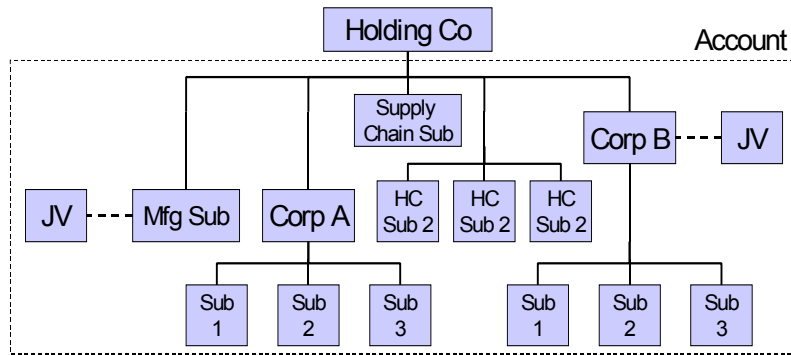
REVENUE



Example 3 (cont.)

MODEL 5

OPERATIONS

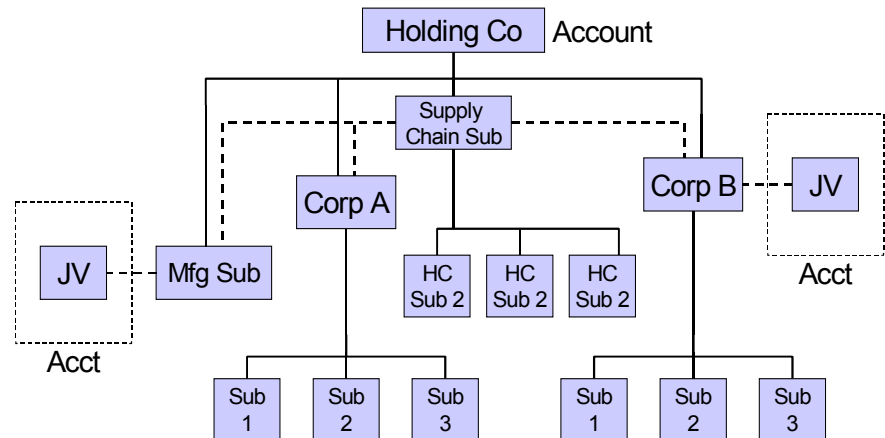


- Supply chain sub is licensed broker
 - (and IOR?)
- All subs are ultimate consignee
 - (or IOR)
- JVs are IOR managed by supply chain sub

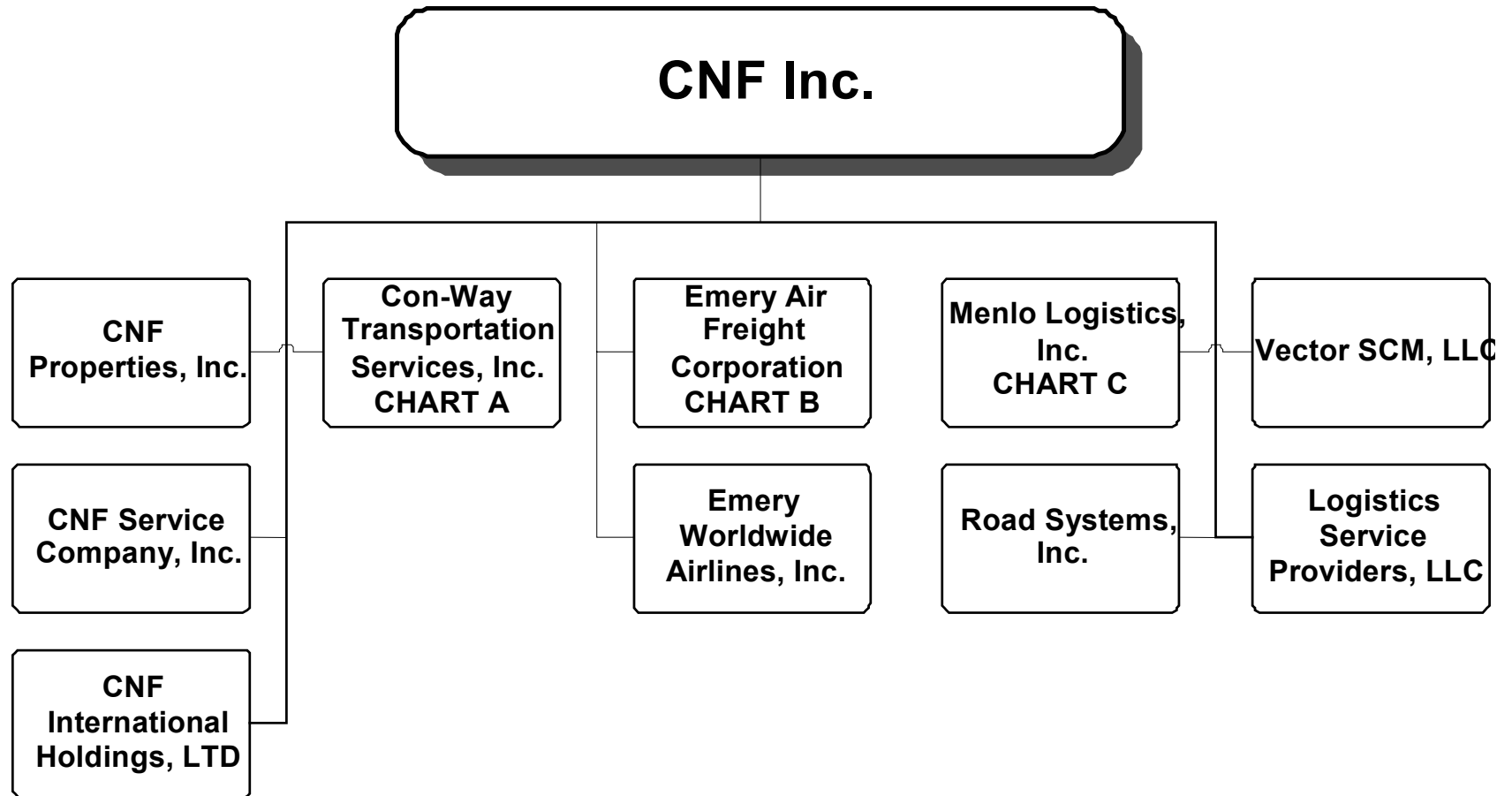
MODEL 5

(Continued)

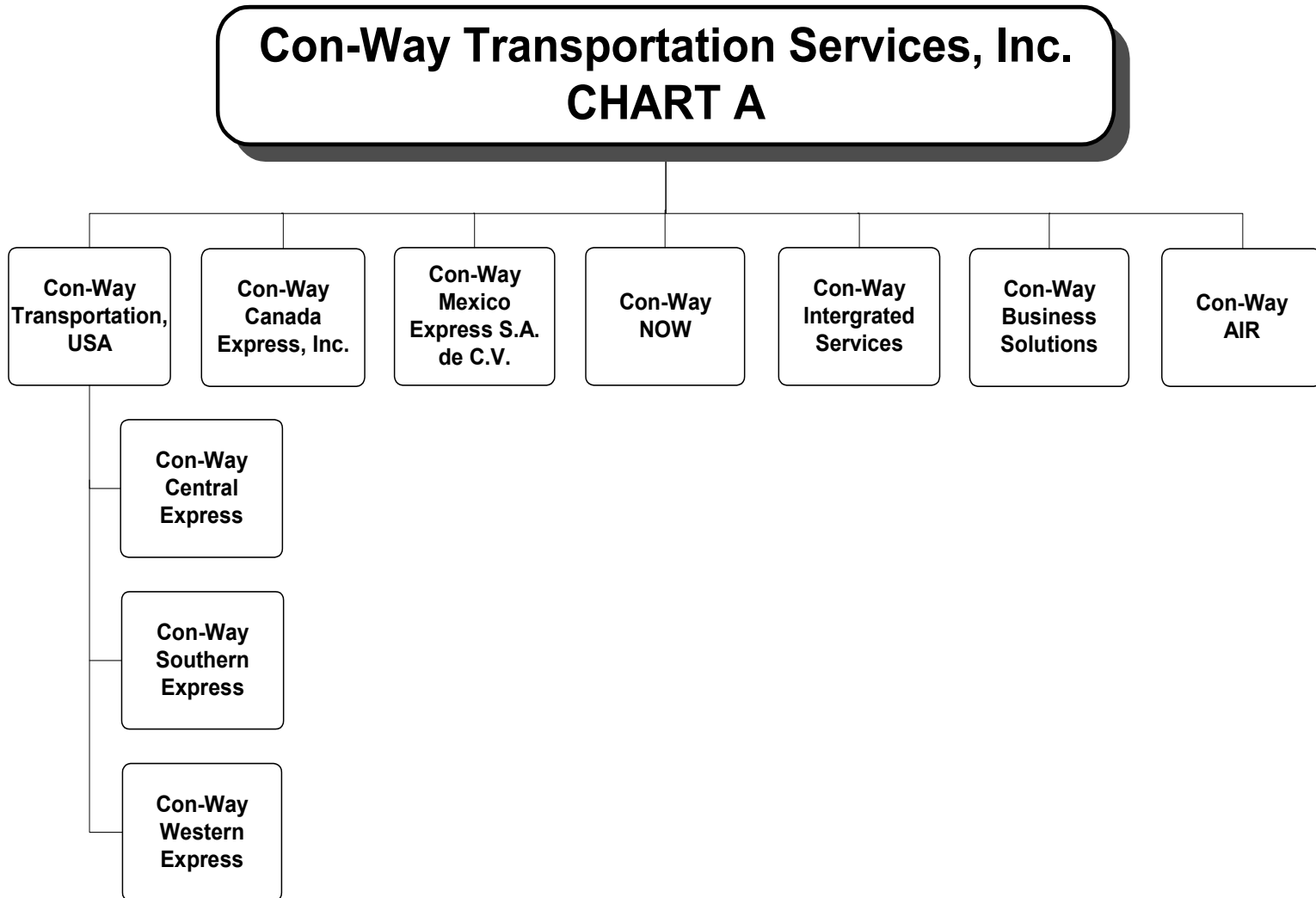
REVENUE



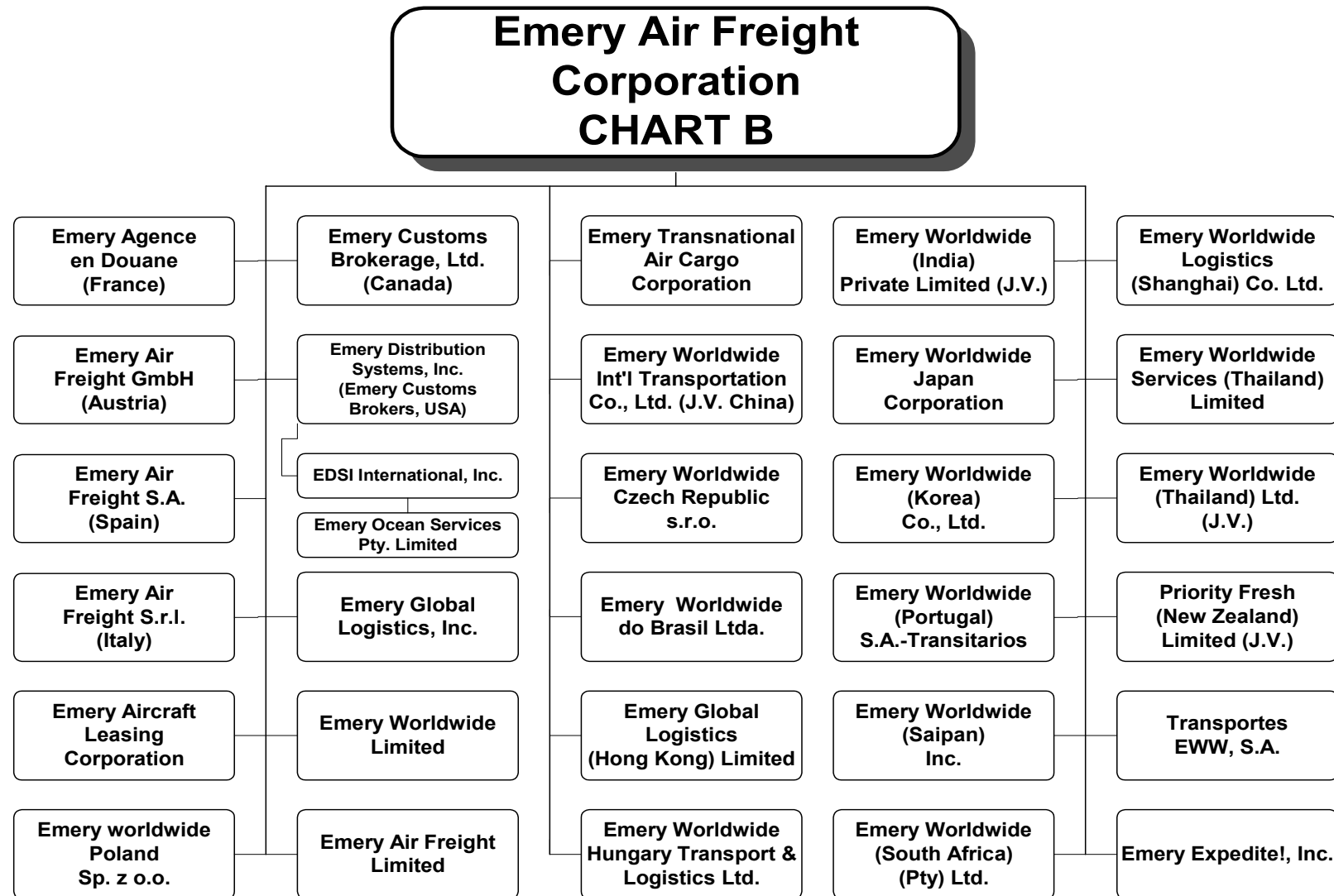
Example 4



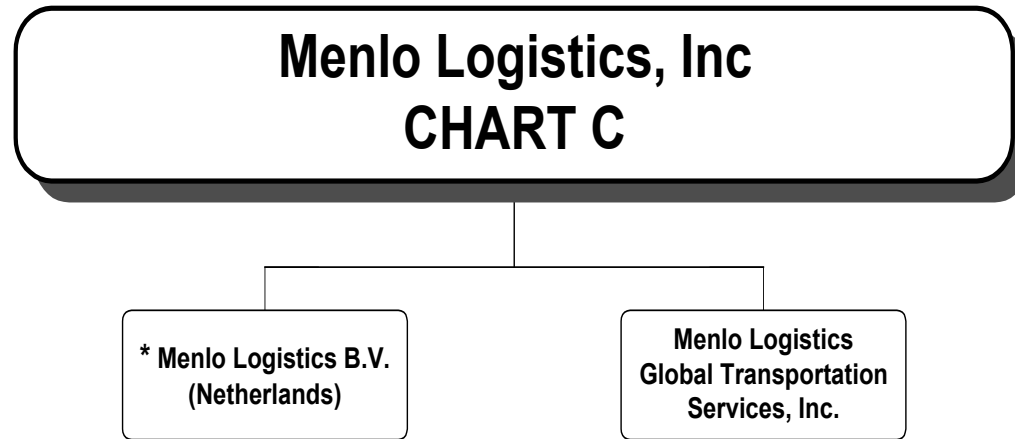
Example 4 (cont.)



Example 4 (cont.)



Example 4 (cont.)



Priority: Critical ☒ High ☐ Medium ☐ Low ☐

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Approved ☐ Not Approved ☐ Further Evaluation Required ☐